

# Property Tax in Transition countries: The Case of the Republic of Macedonia from 2006-2015

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## Abstract

Municipalities to develop their policies use Local taxes, fees and charges for empower of these potential sources of revenue: local tax autonomy makes collection more efficient and enables municipalities to introduce their own measures of social policy. These sources of income also increase the responsibility of local authorities: Among the various fees, charges and income tax, property tax has become an important source of funding for local costs. In most cases, the various taxes on immovable property- together with other forms of taxes property- established in the new fiscal framework of modern local governments. The fiscal autonomy of local governments is largely defined by the volume of their own sources of income. Own revenue sources limit the dependence of municipalities from intergovernmental transfers and revenues that the municipalities receive from the national budget. I will try to explain changes made from the decentralization process in Macedonia through ten years of starting implementation of the decentralization on property tax collection.

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**Keywords:** Property tax, own revenues, budget, GDP, local government

## Introduction

Despite the global challenges faced by central and local authorities who had subjected our country, yet fiscal decentralization in Macedonia since 2005, had been making progress in terms of building the capacity of municipalities for the collection, recovery and management of local taxes and fees, the increase in grants from the central government and increasing the sources of financing on the basis of concessions, the sale of state land and others. Municipalities take management and administrative responsibilities in the area of taxes.

Despite laws on local government for financing local self-government, territorial organization of local government, the city of Skopje and forty others that concern the sphere of local government, what gives strategic guidance on the process of decentralization in RM the current period is a program for implementation of the process of decentralization and development of local government 2011-2014 the Government. After the analysis of the situation, as the main goal of the decentralization process in this time period is stated that the main challenges are: democratic governance at local level and the integrated and sustainable development of the local government units. These elements are particularly important for creating an environment to attract investment, economic growth and achieving development that equally takes care of economic, social and environmental aspects of the LSG level. Through such analysis determines the actual situation in the local government units by 2015 and identifies their progress in the process of fiscal decentralization.

In Macedonia there is a special Law on Property Tax and its a result of the tax reforms implemented in 1994. Now the existing Law on Property Tax started its implementation in 2005 within the decentralization process in the Republic of Macedonia. This Law transferred the all competencies related to the assessment and collection of property tax, inheritance and gifts tax and property transfer tax to the municipal administration.

As a result of the Ohrid Agreements of 2001, and as part of the country's effort to accede to the European Union, Macedonia has pursued an incremental decentralization strategy. The process began in 2005 with the consolidation of 124 municipalities into 85 (then to 81 in 2013). In 2007, municipalities that had cleared their payment arrears and met other criteria for good financial management were allowed to enter the so-called Second Phase of Decentralization. At this point, they became responsible for financing and managing all schools, as well as a number of other cultural and social welfare institutions and were given Block Grants to finance these new function.

The municipalities have a greater interest in collecting these taxes, which are own source revenue in financing municipality activities; and also provides greater citizen understanding between the relation of taxes and public services offered by the municipality.

As a result, municipalities are now responsible for the maintenance and improvement of local infrastructure, water and wastewater treatment, public hygiene, public lighting, local public transport, fire protection, pre-school, primary and secondary education, local cultural institutions (Cultural Houses, libraries, and museums) and care of the elderly. Since 2011, they have also assumed responsibility for managing state land. In accordance with the Law on Local Government Finance, municipal revenue consists of:

- Own Revenues, include the Property Tax, other local fees, charges and taxes, asset income and income from fines, penalties and donations;
- Shared Taxes, in particular a share of the income tax coming from artisans;
- A General Grant defined as a percentage of the national yield of the Value Added Tax and allocated by formula;
- Block Grants from the national budget for primary and secondary education, culture and social welfare;
- Earmarked grants for special programs or specific investments;
- Debt Finance and donations.

The size of the Grant is anchored by law at 4.5% of the national yield of VAT. The criteria used to allocate the grant are defined by an annual ordinance. According to the ordinance:

- All jurisdictions receive a lump sum payment of 3 million denars.
- These payments are then deducted from the grant pool and the residual is divided between the capital city of Skopje and its composite jurisdictions (12%) and all other municipalities (88%).
- The funds for municipalities outside of Skopje are divided by a formula which allocates 65% of the pool on the basis of population; 27% on the basis of square kilometers; and 8% on the basis of the number of settlements.

The allocation of the Block Grant for Education is also determined by an annual ordinance. The main criteria in the formula for allocating the grant are enrollment, employment, and since 2009 the number of children entitled to free school transport. The formula for determining per pupil payments are publicly available, but the amount of money that municipalities receive through the grant is insufficient and often requires substantial contributions from their general budgets.

The allocation of the block grant for preschool education is also governed by an annual ordinance. The formula contains variables for the number of pupils, the type of heating system and the duration of the heating season, the number of teachers in the school, and the utilization rate of the facility. Municipalities that have cultural institutions receive a block grant for culture based on the number of employees working in the institutions covered by the grant; the total square meters of the buildings; and coefficients for the particular cultural services these institutions provide.

Every year and in accordance with the Local Government Finance Law, the Ministry of Finance provides municipalities with a Budget Circular informing them of about their block grants. In theory, municipalities are autonomous in managing the funds they receive through the block grants. In practice, the situation is much more complicated. Based on criteria approved

by their Councils, municipalities allocate block grant funds to schools and other institutions on a monthly basis.

The fiscal decentralization process can best be seen through the expansion of local government revenue as percentage of GDP between 2005 and 2015. In 2005, it equaled only 1.9% of the GDP while by 2012 the share had more than tripled to 6.5% of GDP. It has however fallen significantly since then and in 2014 was only at 5.4% of GDP.

## **Methodology**

For this article are used comparative analysis for the period of analysis for the Republic of Macedonia were available data from 2005 to 2015 provided by the annual account of the budgets of the municipalities, and information from the Ministry of Finance. Typical for the period 2005-2015 for analysis and implementation of the second phase of the decentralization process. Other data provided by the IMF, World Bank, Eurostat and OECD. There are used also the data generated by the calculation of certain indicators to measure fiscal decentralization as well as comparison of local revenues and expenditures to total revenues and expenditures of the central government and the comparison with GDP.

## **Funding of the municipality**

Sources of funding of the municipality are: own sources of revenue, grants from the State Budget and budgets funds and borrowing.

The own sources of income are:

### **1. Local taxes established by law:**

- Property tax; - Inheritance tax and gift tax determined by law;
- Tax on real estate;
- Other local taxes established by law.

### **2. Local fees determined by law:**

- Public utility charges;
- Administrative fees and
- Other local fees determined by law.

### **3. Local fees determined by law:**

- Compensation for arranging construction land;
- Fees for communal activities;
- Charges for spatial and urban plans and
- Other local fees determined by law.

### **4. Income from property:**

- Revenues from leasing;
- Interest income;
- Revenues from the sale of property whose sale does not violate public functions and responsibilities of the municipalities.

5. Donations
6. Income from fines determined by law
7. revenues from self-contribution
8. Other revenues determined by law.

### **Property Taxes**

The Law on Property Taxes manner of taxation on these types of property taxes:

1. Property Tax;
2. Tax on Inheritance and Gift
3. Tax on property sales.

#### **➤ Property Tax**

### **Taxable**

Property tax is paid on real property, except for the property which is exempt from paying tax.

### **Taxpayer**

Taxpayer is a legal entity or individual property owner. In case the owner is not known or is not available, the tax payer of property is a legal entity or individual user of the property. Taxpayer of the property may be usufructuary, and if the property is owned by several persons, each taxpayer's property tax in proportion to the equity part. The taxpayer of property is a legal or natural person beneficiary of real property owned by the state and the municipality.

### **Tax rate**

Rates of property tax are proportionate amount of 0.10% to 0.20%. These may be determined by the type of property. Therefore, the rates of property tax on agricultural land not used for agricultural production can be increased from three to five times the basic rates.

The amount of the rates decision establishes municipal council, municipal council of the City of Skopje and the Skopje City Council pursuant to City.

### **Tax Base**

The basis of property tax is market value of real estate. The determination of the market value of the real estate appraiser performs person employed in the local government, at the request of the local government can perform a person qualified appraiser. The market value is determined by the methodology for assessing the market value of the property.

## **Tax Benefits**

Property tax is not paid on:

- real estate owned property used by public authorities, real estate owned by the municipality used by municipal bodies, municipal bodies in Skopje and the bodies of Skopje, except real property used by natural or legal persons ;
- real estate and foreign diplomatic and consular missions and representatives of international organizations, if they are in their possession, on condition of reciprocity;
- real estate owned by the National Bank of Macedonia;
- religious buildings which are of worship, prayer and other manifestations of faith as a temple, amija, house of prayer, synagogue, cemetery and other premises of a church, religious community and religious group;
- property that under law are declared cultural heritage;
- facilities for the protection of land, water and air;
- facilities of enterprises for vocational training, vocational rehabilitation and employment of disabled people;
- land used for surface and underground mining in mining and geological research;
- facilities designed for primary processing of agricultural products, such as: facilities intended for livestock and fish, to accommodate equipment for monitoring the quality and safety of primary agricultural products and livestock farm, accommodation and maintenance of agricultural machinery, terminal equipment and other vehicles and farm equipment, storage facilities, reception, storage and packaging of primary agricultural and livestock products and animal feed farm, buildings, milk collection centers, mushrooms and medicinal plants, water tanks related activities in the agricultural production of farm and facilities for waste treatment activities in agricultural production and farm
- Agricultural land used for agricultural production.

The taxpayer of property tax on residential building or apartment, where he lives with family members shall be entitled to a reduction of the calculated tax in the amount of 50%.

### **➤ Inheritance tax and gift**

## **Taxable**

Inheritance tax and gift tax paid on real estate and right of possessing and using the property that the heirs or recipients of gifts inherit or receive based on the Law on Inheritance, or agreement on gift. He pays cash, accounts receivables, securities and other movable property, if the market value of the inheritance or gift contract is higher than the amount of the one-

year average salary in the Republic of Macedonia in the previous year, according to the State Office Statistics. The value of all gifts of the same kind received during a calendar year is a tax base. The value of gifts municipal administration, municipal administration of the City of Skopje and the administration of the City of Skopje shall keep records, based on which, at the end of the year recipient of the gifts can be charged with tax if, during the year received more presents of the same type and height above the prescribed amount.

### **Taxpayer**

Taxpayers of this tax are persons or entities-residents of the Republic of Macedonia, who inherited property or property received as a gift in the country or abroad, and foreign natural and legal person-non-resident of movable and immovable property inherited or received as a gift the Republic of Macedonia.

If accepted as heir to succeed relinquish inheritance in favor of a person who would come to this heritage in the event the heir not referred the tax paid by the person in whose ownership is transferred inherited property, and if the heir depart heritage of a person, who would not have occurred if the heir heritage not referred the then heir to the legacy referred the pay inheritance tax, and the person in whose favor is dedicated to paying inheritance tax gift.

### **Tax rate**

The rates of inheritance tax and gift proportionate and vary depending on the order of succession.

Heir or recipient of the first inheritance is exempt from paying tax.

Inheritance tax and gift tax payer for the second order of succession is calculated at a rate of 2% to 3% for a taxpayer from third inheritance or taxpayer who is not a relative of the deceased tax is calculated at the rate of 4% to 5%.

The amount of the rates decision establishes municipal council, municipal council of the City of Skopje and the Skopje City Council pursuant to the City of Skopje.

### **Tax Base**

The basis of the inheritance tax and gift tax is the market value of inherited property or property received as a gift at a time of occurrence of the tax liability and reduced the debts and costs that encumber property subject to taxation.

## **Tax Exemptions**

Tax on inheritance and gifts is not paid:

- heir/successor recipient of a gift from the first inheritance;
- heir/ successor or recipient of the gift of second inheritance of a legacy or a gift received apartment or family house if the testator or the gift giver lived in the same household for at least one year before the death of the testator, ie at the time of receipt the gift, provided that he and members of his family have no residence or apartment building and

- heir/successor or recipient of the gift of a second order of succession in which agriculture is a basic activity that will inherit or receive as a gift agricultural land and economic buildings, if the testator or the gift giver lived in the same household for at least one year before death testator, or at the moment of receiving the gift.

Tax on inheritance and gift tax are exempt: state bodies, municipalities, municipal bodies in the City of Skopje and the bodies of the City of Skopje, the National Bank of Macedonia, the Red Cross, humanitarian, social, scientific, educational, and cultural institutions Religious communities gift you received in the form of real estate or movable property, securities, cash and receivables.

### **➤ Tax on real estate**

## **Taxable**

The turnover of the real estate tax is paid on sales of real estate. Under the real estate market is considered a transfer without compensation of the right of ownership of real estate and other means of acquiring real estate with and without compensation between legal and natural persons.

## **Taxpayer**

Taxpayer sales of real estate is a legal person - a seller of real estate. Notwithstanding, payer sales tax on real estate can be a legal entity or natural person - purchaser of the property, if the agreement for sale of real estate, agreed to pay the tax buyer.

When replacing the property tax payer is participant in the replacement who gives in return property of greater value.

If passed ideal part of ownership of the real estate taxpayer is each owner separately.

If the right of ownership of the property transferred under a contract for life support, taxpayer is the recipient of the property, or its successors.

When selling a property in bankruptcy and enforcement proceedings, as well as in the implementation of agreements on the mortgage, the taxpayer may be the buyer of the property.



## **Tax rate**

The rates of tax on property sales are proportionate amount of 2% to 4%. The amount of the rates decision establishes municipal council and the council of municipalities in Skopje and the Skopje City Council pursuant to City.

## **Tax Base**

Tax on Sales Tax on real estate is the market value of the property at the time of occurrence of the obligation.

When replacing the property tax base is the difference in market values of real estate being replaced.

When transferring an ideal part of ownership of the real estate tax base is the market value of the ideal part of the property.

When selling the property in bankruptcy and enforcement proceedings, the tax base is achieved selling price by public bidding or direct agreement, if two successively conducted procedures of public bidding is the sale of the property.

## **Tax Exemptions**

Tax on real estate not paid:

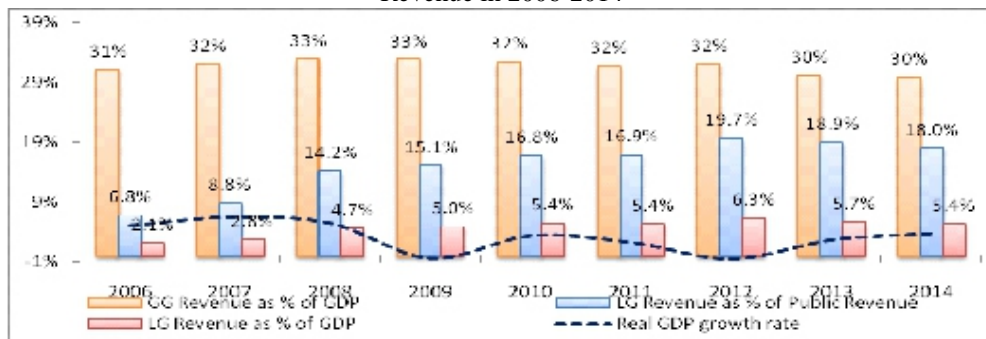
- the sale of real estate in the procedure of expropriation;
- When a foreign diplomatic or consular office transfers the right of ownership of real estate on condition of reciprocity;
- when the right of ownership is transferred for settlement of the obligations of public revenues in the procedure of forced collection;
- the sale of real estate between national authorities, between state authorities and municipalities and between municipalities;
- the sale of real estate in the procedure of confiscation;
- The turnover of apartments in ownership, if the sales contract is not regulated whose obligation to pay the tax;
- when the right of ownership of property is transferred to state bodies for collection of claims in bankruptcy and enforcement proceedings;
- when the right of ownership of property is transferred to the provider of lifelong support which in relation to the recipient of maintenance is in the first order of succession and only for the part of the property which would have succeeded under the inheritance without providing the support;
- the first supply of residential buildings and apartments that will be made within five years after the construction of which is calculated value added tax;
- investing in real estate in the capital of companies;
- trading in securities within the meaning of the Law on Securities and

- when the right of ownership of property is transferred to the banks as creditors for payment of a monetary claim, if within three years sell the acquired property.

### Statistical Overview of Local Government Finances in Macedonia 2006-2015 v.s Property Tax

Since 2007, Macedonia has progressively devolved major social services to local governments. This has substantially increased local revenue as a share of both GDP and of total public revenue. Even in 2012, however, when local government revenue peaked at 20% of total public revenue and 6.3% of GDP, Macedonian local governments appear to be underfunded given their responsibilities. Moreover, in 2013 and 2014 the positive trend local revenues was reversed.

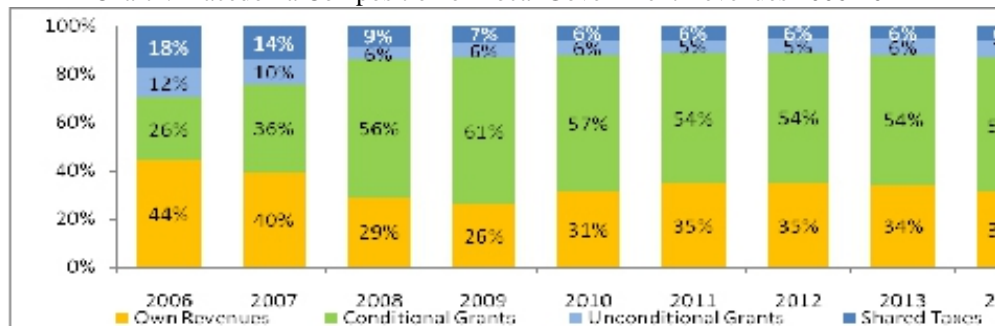
Chart 1 Macedonia: Local Government Revenue as a Share of GDP and Total Public Revenue in 2006-2014



Source: Data from the Ministry of Finance

Macedonian local governments derive modest shares of their revenues from shared taxes and unconditional grants. Block grants are their largest source of revenue.

Chart2: Macedonia Composition of Local Government Revenues 2006-2014



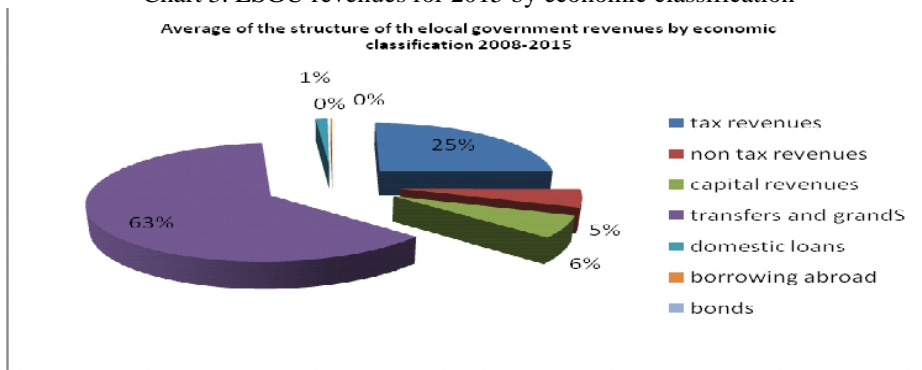
Source: Data from the Ministry of Finance

Since 2009, local governments have done an impressive job mobilizing own source revenues. Though the overall yield of the property tax remains modest they have increased collection five times. They are also more aggressively collecting Land Development Fees, Lighting Fees and other communal charges.

The following charts shows the revenues of LSG for 2008-2015 by economic classification. What we can note is that total revenues increased continuously during the period except in 2013 when it recorded a decline of about 4%. from 2012. but 2015 has increased over 12.7 %.

The largest decline in capital revenues by almost a quarter in non-tax revenues of almost 18%. The tax revenue is nearly 4%. Borrowing increased by 59% overseas and 14% domestic.

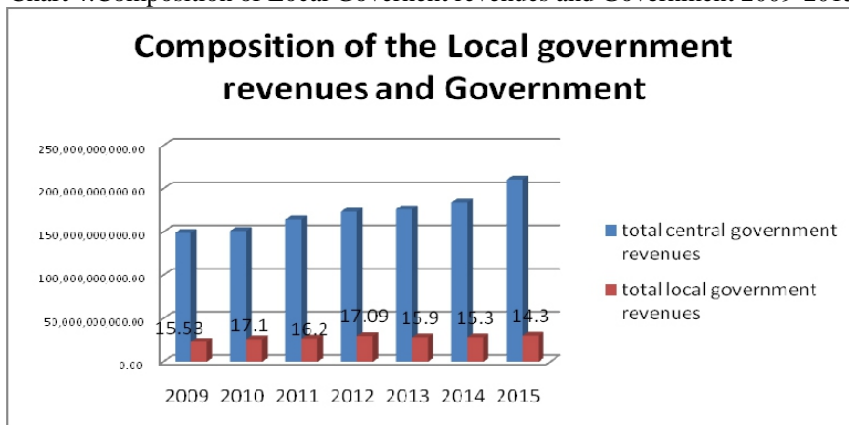
Chart 3. LSGU revenues for 2015 by economic classification



Source: Data from the Ministry of Finance

In the next chart we see that shows the composition of the local government revenues according with the government in total is only 14.3 % in 2015, except in 2012 were it was 17.09 %.

Chart 4. Composition of Local Government revenues and Government 2009-2015



Source: Ministry of Finance

Table below shows the per capita yield of the property tax in 2006 and 2013 for all South East Europe countries. As can be seen from the Table, there are very significant differences across the group in both the yield of the tax and its growth over the last seven years. In the RS (of BiH) the yield of the tax is low and has actually decreased in recent years. In Croatia, where the tax has yet to be decentralized the yield remains relatively high but there has been no growth. The situation in Slovenia is similar, but of a much higher base. In Albania, FBiH (of BiH), Kosovo, and Moldova there have been modest gains but of a very low base. In Macedonia the yield of the tax has increased almost fourfold, but still amounts to only 8 Eur per capita. Growth in Serbia, Turkey and Bulgaria has also been substantial, but real highflyer in the group has been Montenegro.

Table 1: Change in Per Capita Yield of the Property Tax in EUR 2016/2013

	<b>2006</b>	<b>2013</b>	<b>% + or -</b>
RS (of BiH)	7.0	5.5	-21%
Croatia	26.0	25.9	0%
Slovenia (2012)	92.0	92.0	0%
FBiH (of BiH)	11.2	12.6	12%
Albania	4.4	5.6	26%
Moldova	4.0	5.3	32%
Kosovo (2008)	5.0	7.2	44%
Romania	31.2	57.8	85%
Serbia (2012)	7.7	16.7	117%
Turkey	14.0	31.0	121%
Bulgaria	10.0	31.8	218%
Montenegro	16.0	63.4	296%
Macedonia	1.6	7.8	385%

Source: Eurostat

Table 5 presents the same basic information but expresses the yield of the tax as a percentage of GDP and includes the average for the EU. What the Table shows is that in Croatia, Slovenia, FBiH (of BiH), RS (BiH), Albania, and Moldova the expansion of the property tax did not keep up with GDP growth while it exceeded it in Macedonia, Montenegro, Bulgaria, Turkey, Serbia, Romania, and (marginally) Kosovo.

Table 2 Change in Property Tax as a Percentage of GDP 2006 vs. 2013

	<b>2006</b>	<b>2013</b>	<b>% + or -</b>
Macedonia	0.06%	0.21%	253%
Montenegro	0.46%	1.19%	157%
Bulgaria	0.29%	0.59%	103%
Turkey	0.25%	0.38%	51%
Serbia (2012)	0.27%	0.37%	37%
EU 28	1.00%	1.10%	10%
Romania	0.75%	0.82%	9%
Kosovo	0.33%	0.33%	1%

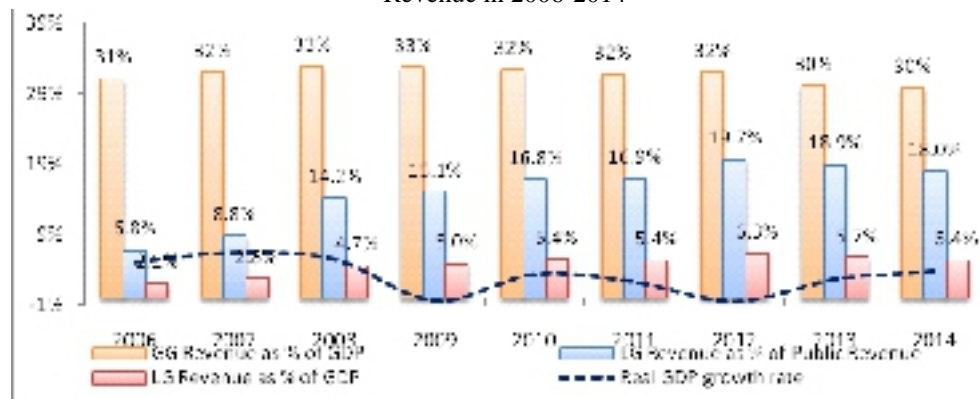
Croatia	0.29%	0.26%	-10%
Slovenia (2012)	0.61%	0.54%	-12%
FBiH (of BiH)	0.42%	0.34%	-19%
Albania	0.29%	0.18%	-37%
RS (of BiH) (2012)	0.30%	0.18%	-40%
Moldova	0.53%	0.31%	-40%

Source: EUROSTAD

This suggests that there is a division within the group between places where local governments are more aggressively using the property tax and those where they aren't. Indeed, it has declined substantially in RS (of BiH) and grown only marginally in Kosovo despite significant investments by higher level governments in the improvement of fiscal cadasters and billing systems. The yield of the tax exceeds the EU average of 1.1% of GDP only in Montenegro, and is close only in Romania. (And the EU average is low when compared to North America, Australia, France, and some of the Nordic countries where the tax accounts for between 2 and 3% of GDP.)

Of all the countries in the region, Macedonia has undergone the most structural change over the last eight years. This change has been driven by the progressive decentralization of major social sector functions to local governments ---particularly primary and secondary schools. This process has significantly increased local revenue as a share of both GDP and of total public revenue.

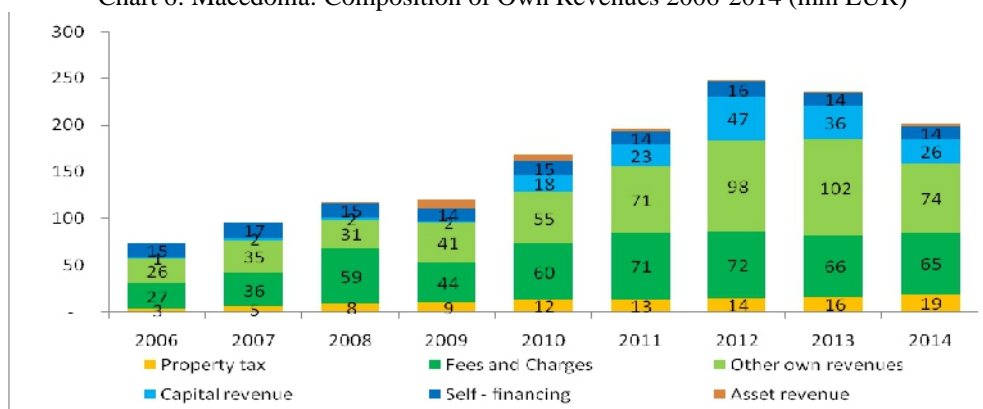
Chart 5. Macedonia: Local Government Revenue as Share of GDP and Total Public Revenue in 2006-2014



source: Ministry of Finance

Macedonian local governments derive modest shares of their revenues from shared taxes and unconditional grants. Their most important revenue the education block grant.

Chart 6: Macedonia: Composition of Own Revenues 2006-2014 (mln EUR)



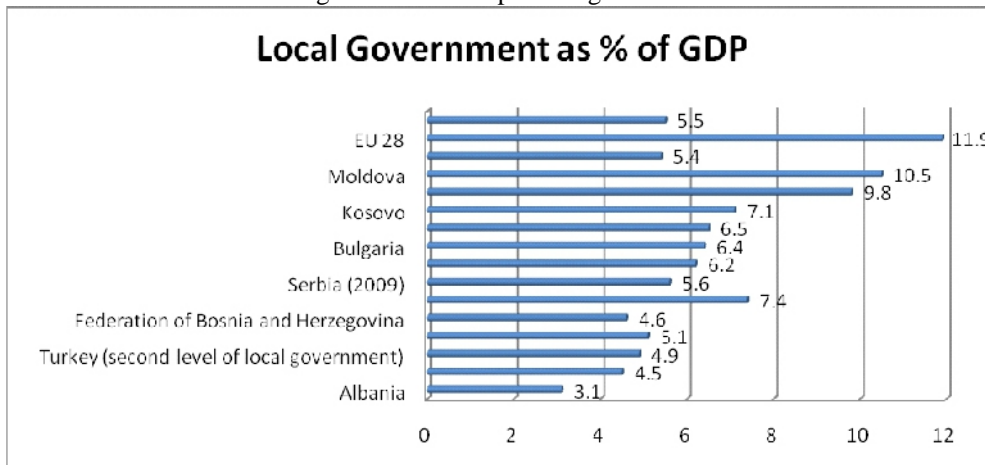
source: Ministry of Finance

Since 2009, local governments have done an impressive job mobilizing own source revenues. Though the overall yield of the property tax remains modest they have increased collection five times. They are also more aggressively collecting Land Development Fees, Lighting Fees and other communal charges.

The following charts shows the total income of LSG as a percentage of GDP in the country. Generally, you may see an increase in total revenues of ELS as a percentage of GDP but can see and W-impact of the global crisis reduce this percentage in 2013. The global crisis with a time lag affecting total revenues of local government in Macedonia in the second negative shock in 2013. The central government / central budget is suitable and in 2009 and 2012 as can be seen from the graph on the right with the tax revenue in the central budget million.

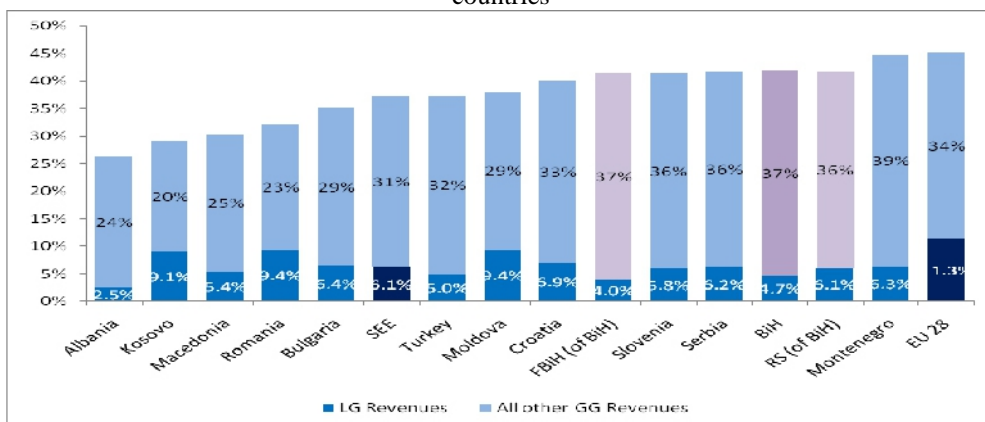
Another feature of this period is that in 2008 begins the second phase of the fiscal decentralization disbursement of block grants and already in 2013 that phase is over. Therefore, as illustrated in the left graph and total revenue minus ELS account for 741,120 block grants to ELS on different purposes as a percentage of GDP. Here we can clearly see the effect of the global crisis resulting in a reduction in revenue of total revenue minus ELS block grants in 2009 and 2013. In addition, the total income of LGS minus block grants fell by 5.65% in 2009 compared with 2008, while GDP fell only 0.07% (total revenues of the central government fell by 8.7% in 2009 compared with 2008). Block grants certainly improve the image of total LGU revenues in relation to GDP but not part of devolution and the autonomous decision of LGS.

Chart 7. Revenues of local government as a percentage of GDP in 2014 in SEE countries



Source: Eurostat and the Treasury of the Ministry of Finance of Macedonia  
In Macedonia, Bulgaria, Kosovo, Romania and Moldavia are included and wages for the education employees.

Chart 8. General and Local Government Revenue as a Percentage of GDP in 2015 in SEE countries



Source: Eurostat

Local government revenue in Albania is lowest as a share of GDP. But it also has the smallest General Government. The EU28 is at the other end of the spectrum, with both General and Local Government revenue highest as shares of GDP. Everyone else is in the middle. So on average, the countries of the EU have both larger public sectors and have decentralized more revenue to local governments than their counterparts in South-East Europe.

But within the region there is also a lot of variation. Albania, Kosovo, Macedonia, Romania and Bulgaria all have public sectors that generate less

than 30% of GDP in revenue. This suggests they all have problems with tax collection. Meanwhile, Montenegro, Serbia, BiH, Croatia and Slovenia have public sectors that approach 40% of GDP, suggesting a greater capacity to tax. There is also fair amount of variation in the relative size of the local government sector, a variation which is more important for our purposes here.

## **Conclusion**

In the structure of tax revenues, taxes on specific services still occupy the largest percentage - 60% and property taxes 35%, where there is a change in the structure compared to the previous year of about -2% (taxes on specific services) and 2% (property tax).

Comparing the municipal income per capita in rural areas are coming to the conclusion that they are lower by 29% than the national average, while urban municipalities generate 7% lower income per capita than the national average. City of Skopje and the municipalities of the City of Skopje are grouped in one category, which noted 37% higher municipal income per capita compared to the national average.

As for the value of certain indicators for measuring fiscal decentralization, the situation is as follows: The share of local revenues from 5.88% of GDP for 2013 is a decrease of the percentage of local revenues of GDP in 2012, which is 6,38%. The share of total realized revenues of municipalities in 2013, compared to total public revenues accounted for 18.79%, and in 2012 was 19.67%.

Compared with other countries in the region and the EU-27, the values of certain indicators, we can conclude that Macedonia holds the level of the Western Balkans, which is still far from the level of EU-27 in the process of fiscal decentralization .

Should achieve a higher degree of suitability revenue, local governments will have sufficient resources to execute the assigned tasks.

Total revenues of LSG represent about 1/15 of GDP. In the EU-27 this data is more favorable (double), especially revenues from their own sources of funding, where the average is also less than double the EU-27. It should seek the share of total revenues in GDP to approach the European average, certainly taking into consideration the volume of the transferred competencies to the local level.

To make efforts to provide greater tax effort of the local authorities, ie sufficient amount of tax revenue. Also, the obtained findings in the report arises from the need to increase their own revenues of municipalities, especially revenue from taxes on real estate with a full range of tax on persons and legal entities and re-evaluation of the value of real estate, the application of improved elements of the calculation methodology for



assessing the market value of the property. The increase of municipal revenues, especially revenues from property taxes and utility charges can be provided by setting higher rates or amounts of taxes and fees. Local authorities should be able to predict their revenue in the medium term, allowing medium local planning and implementation of medium-term strategy, which will allow greater stability.

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17. <http://www.stat.gov.mk>
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